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Abstract

By enacting, for example, the Uniform Negotiable Instruments Law (1896) and the Uniform Sales Law (1906) the American states unified and codified parts of the American Common Law. In the main, both Uniform Laws followed British models. Is this to imply that the American states, at the time, preferred British commercial law to any other commercial law? If only because Uniform Commercial Code (1958) Article 2 on Sales and Article 3 on Commercial Papers diverged from British models, the answer is not self-evident. This paper shows that Britain's economic leverage with the United States, which was to last until the First World War, must have influenced developments pertaining to the American Common Law. (JEL: K 00, N 00)

I. Introduction

The 'Americanization' of the (Common) Law in the United States over the course of the nineteenth century has been well-documented. However, two important developments pertaining to the American Common Law have thus far received only scant attention. Louisiana State did not adopt the French Commercial Code. In fact, the commercial law of the State of Louisiana has always largely been in step with the (British) commercial law of the sister states. Is this to imply that the State of Louisiana, at the time, preferred British commercial law to any other commercial law? If only because Louisiana State adopted in large part the French Civil Code, the answer to this question is not self-evident. A similar question can be derived from the following legislative development. All American states, including Louisiana, enacted the Uniform Negotiable Instruments Law (1896). This Uniform Law was part of a successful project to reduce to writing branches of the American Common Law. Yet, in spite of the 'Americanization' of the

Common Law, the Uniform Negotiable Instruments Law (1896) and the Uniform Sales Law (1906) copied substantial parts of the (British) Bills of Exchange Act (1882) and Sale of Goods Act (1893), for example. Is this to imply that the American states, at the time, preferred British commercial law to any other commercial law? If only because Uniform Commercial Code (1958) Article 2 on Sales and Article 3 on Commercial Papers diverged from British models, the answer to this question is not self-evident. Through an investigation of the extent to which economic interdependencies between the various American states might have influenced developments concerning the American Common Law, this paper purports to answer the two research questions. As Louisiana's economic dependence upon Northeastern States became larger than the other way around, it seems that the State must have had little interest in implementing commercial law that bore no resemblance to the British-oriented commercial law of the Northeastern States, in particular. By the same token, as the economic dependence of the United States as a whole upon Britain was still stronger than vice versa at the close of the nineteenth century, the American states must have had an interest in restoring unity in their commercial laws along British lines.

The paper proceeds as follows. The ensuing section offers a general framework in which to think about the interplay between economic interdependencies between jurisdictions and developments regarding the common law in these jurisdictions. The subsequent Sections III to VIII survey developments pertaining to the American Common Law. Section III inquires into the reasons for Louisiana State to reject the *Code de Commerce* (1808), while the Louisiana Civil Code largely followed the *Code de Napoléon* (1807). Section IV is concerned with the fragmentation of the American Common Law into the Common Laws of the various American states in the course of the nineteenth century. The failure of the U.S. Supreme Court to restore the relative unity in the American Common Law is the topic of Section V. The issue of why uniform laws governing commercial transactions, such as, for example, the Uniform Negotiable Instruments Law (1896) and the Uniform Sales Law (1906) followed in large measure British models is explored in Section VI. Section VII consists of a discussion of why Uniform Commercial

Code (1958) Article 2 on Sales and Article 3 on Commercial Papers, that were submitted to replace the two Uniform Laws, departed from their British counterparts. The subject of Section VIII is the substantial influence the State of New York enjoyed over the production of the Uniform Commercial Code (1958). Last but not least, Section IX arrives at a tentative conclusion.

II. Framework of Analysis

Jurisdictions may have 'divergent' (common) law. From a theoretical angle, this section sheds light on the issue of whether a jurisdiction may have an interest in switching to or retaining legal rules that are not most preferred by this jurisdiction. The term 'divergent' is defined in the following way. Legal rules should ensure that citizens who want to engage in economic activity are able to do so. After all, economic activity can leave everybody involved better off. Legal rules do more than simply facilitate economic activity, however. They also may affect the way citizens divide potential gains from economic activity (see *e.g.* Baird 1994: 219). That is, to facilitate economic activity equally well, the common law as applied in separate jurisdictions need not affect the division of potential gains from economic activity in any particular way.[1] Stated otherwise, the common law as applied in separate jurisdictions that facilitates economic activity equally well can still differ in its distributional consequences. It follows that, to understand processes of unifying and codifying divergent common law, an investigation of whether or not separate jurisdictions, constrained by economic rivalry, will succeed in providing common law that facilitates economic activity does not suffice. The latter issue

[1]The potential gains to be derived from a given economic activity are, say, maximally €3. When the common law as applied in separate jurisdictions is able to facilitate the said economic activity so as to create potential gains of €3 in the aggregate, the common law of separate jurisdictions facilitates economic activity equally well. From this angle of perspective, common law that is able to facilitate the said economic activity so as to create potential gains of only €2 in the aggregate facilitates economic activity less well.

has received considerable scholarly attention (see *e.g.* La Porta *et al.* 2004; Mahoney 2001; Wagner 1998 and references therein).

If indeed the common law as applied in separate jurisdictions affects differently the way their citizens divide potential gains from economic activity, citizens of separate jurisdictions presumably prefer the way their own common law affects the division of potential gains from economic activity. Presumably, as neither a switch of a jurisdiction to different common law nor a move of a citizen to another jurisdiction is costless. Even ignoring this, by acting strictly on their own, without considering any opportunities for coordination, it is far from obvious that separate jurisdictions will succeed independently in supplying common law that affects identically the way citizens divide potential gains from economic activity. Clearly, in case the operative body of common law in separate jurisdictions differs in its distributional consequences, citizens engaged in inter-jurisdictional economic activity have conflicting interests regarding the applicable common law. Failure to agree on the applicable common law may prevent mutually beneficial economic activity from taking place.

A uniform law solves the coordination problem as faced by citizens engaged in inter-jurisdictional economic activity. Then, the answer to the question of whether or not to unify and codify a part of the common law comprises two halves. For example, movements for codification of divergent family law may perhaps draw little support from jurisdictions, not so much because of the distributional consequences of regionally defined family law, but, rather, because the number of inter-jurisdictional family affairs is relatively limited. By contrast, in spite of possibly large distributional consequences of, for example, regionally defined commercial law, initiatives to codify this part of the common law may nonetheless resonate well with jurisdictions. For example, Larry E. Ribstein and Bruce H. Kobayashi recognize that uniform laws providing default rules for commercial transactions can play a part in facilitating inter-jurisdictional economic activity (1996: 150). The volume compounded by the value of inter-jurisdictional commercial transactions might fuel calls for unification of the commercial law. Unfortunately, no empirical study will be able to provide the detailed information as is required to state with any degree of precision when exactly unification and codification

of the common law becomes essential to facilitating an ever-growing economic interdependence between separate jurisdictions. Before taking on the challenge of unifying divergent common law, separate jurisdictions might first settle on enacting a uniform law on conflict of laws. Conflict of laws rules are rules of a jurisdiction that determine whether domestic law or foreign law applies to an inter-jurisdictional legal problem.

To be sure, the supposition made in the paper is that the legal rules of all jurisdictions facilitate economic activity equally well, but, at the same time, differ in their distributional consequences. To suppose otherwise would basically be to deny the need for jurisdictions to coordinate their actions so as to craft uniform laws. For jurisdictions that hold the same opinion about the way in which their legal rules ought to affect the division of gains from economic activity might independently succeed in providing legal rules that facilitate economic activity equally well. Instead, the ability of jurisdictions to foster economic growth is exogenous to our analysis. Then, the issue is whether or not the American states sought to place the legal rules into uniform laws of the American state or third country that was strongest able to engender economic growth. In doing so, other federal states might have propelled their own economic growth by spurring economic activity with this American state or third country. That is, an existing economic dependence upon a particular jurisdiction might induce other jurisdictions to place the legal rules into uniform laws of this jurisdiction. And in placing the legal rules into uniform laws of a particular jurisdiction, other jurisdictions might accelerate their economic activity with this jurisdiction. Unfortunately, any empirical study will fall short of providing the detailed information as is required to quantify the projected increase in inter-jurisdictional economic activity. There is no alternative but to blend together information about economic interdependencies between separate jurisdictions and developments regarding regionally defined (common) law. Theoretical reasoning makes clear that, although the divergent (common) law of separate jurisdictions may facilitate economic activity equally well, separate jurisdictions may have an interest in introducing the legal rules of a particular jurisdiction into uniform laws rather than any other legal rules. The point is that this particular jurisdiction may strongest be able to advance the economic growth of all other jurisdictions. It is this theoretical finding against which the

historical information on developments concerning the American Common Law as presented in Sections III to VIII will be interpreted.

III. Louisiana Does Not Adopt the French Code de Commerce (1808)

Apart from Louisiana, all federal states of the newly established United States embraced the common-law system as applied in the thirteen original North American colonies of Britain. When the United States took possession of Louisiana on December 20th 1803, Roman, Spanish and French law had been operative in this French territory for years. It is therefore no surprise that the early Louisiana Civil Codes followed largely the *Code de Napoléon* (1807) and drew heavily on French legal doctrine and jurisprudence. Until this very day, a Civil Code has been operative in Louisiana. On the other hand, although Louisiana opposed the introduction of the common-law system, the French *Code de Commerce* (1808) was never placed on a state level for the reason that in the opinion of the Louisiana Legislature the commercial law of the State should not be essentially different from the commercial law of the sister states (Yiannopoulos 1997: xxvi).

A reason involved in the decision of the Louisiana Legislature to reject the *Code de Commerce* (1808) originated at least in part from the evolving economic interdependence between the federal states of the United States. In the first decades of the nineteenth century, the economic interdependence between the three major regions of the United States, the East, South and West, became firmly established. Douglass C. North's analysis of this mutual interdependence between the three regions is worth quoting: 'The Northeast provided not only the services to finance, transport, insure, and market the South's cotton, but also supplied the South with manufactured goods, either from its own industry or imported and reshipped to the South (1966: 68).' And North goes on to argue that: 'The consequence, … , was that the expanding income from the marketing of these staples outside the region induced little growth within the South. Income received there had little local multiplier effect, but flowed directly to the North and the West for imports

of services, manufactures and foodstuffs (1966: 122).' Of all American states, New York became the strongest engine of economic growth (North 1966: 126). Then, with the emergence of economic interdependencies between the federal states of the United States, it appears that the introduction of French commercial law could only have undermined Louisiana's economic activity with sister states that used British commercial law as a starting point for legal reasoning.

IV. Disunity in the Common Laws of the American States

In the course of the nineteenth century, the United States developed its own manufacturing industries and credit system, accompanied by a large domestic market. The growth of foreign trade and commerce of the United States did not keep pace with the growth of domestic trade and commerce. With the notable exception of the cotton planters in the South, the dependence of the United States upon foreign trade and commerce decreased markedly (see *e.g.* Lipsey 2000: 690). And with the establishment of an American banking system, the relative importance of foreign capital flows declined as well (see *e.g.* North 1966: 211). As domestically induced expansion of trade and commerce gained in importance relative to prospects for expansion of foreign trade and commerce, notably with Britain, the 'American' Common Law could veer away from the British Common Law. Legal evidence for the emergence of an American Common Law is overwhelming (see *e.g.* Llewellyn 1989; Nelson 1994). As an aside, it should be observed that statutes as received from Britain were also subject to an Americanization. For example, with regard to the United States federal patent legislation, Harold C. Wegner remarks that: 'The war of 1812 helped assure that the patent systems in America and England would evolve in independent paths, as they have (1993: 7).' However, in the United States, the constitutional arrangements left law-making authority in commercial-law matters largely in the hands of the respective States. In the American states the law governing commercial transactions, such as, for example, negotiable instruments and

sales law, was generally not covered by statute, but by common law, that is, case law. It follows that state courts had been perfectly allowed to develop their own distinct case-law systems over the years. The resulting fragmentation of the American Common Law into the Common Laws of the different States seems due in part to a rise in intrastate trade and commerce. Along with the tremendous increase in American interstate trade and commerce, intrastate trade and commerce assumed equally huge proportions. For instance, around 1840, the demand for Northeastern manufactures remained largest in the Northeastern region itself because the Southern and Western regions were less affluent than the Northeastern regions (Uselding 1976: 435).

V. U.S. Supreme Court Unable to Reimpose Unity in the American Common Law

From the beginning of the nineteenth century, a root cause for continuous calls for the codification of areas of the American Common Law had been to arrest developments towards ever-sharper disparities in state laws. For example, from the 1820s onwards, Joseph Story, among others, started to appeal for the codification of the American Common Law. According to him, the decentralization of the law-making institutions in the United States under the federal system was destroying the relative uniformity of the common law (see *e.g.* Cook 1981: 105). Notably in the U.S. Supreme Court decision *Swift v. Tyson*,[2] Justice Story tried to reimpose legal uniformity through case law (see *e.g.* Rheinstein 1973: 139; Mehren 1988: 44). As a general rule, federal courts did have a jurisdiction to deal with all cases in which parties were citizens of different states. Under the 34th Section of the Federal Judiciary Act, first enacted in 1789, federal courts had to apply the state statutes applicable to such interstate disputes. But, as noted in the previous section, in the respective federal states the commercial law was generally not covered by statute, but by common law, that is, case law. To surmount this obstacle, Story declared that the federal courts did not have to take the case law of the state in question into

[2] *Swift v. Tyson*, 41 U.S. (16 Pet.) 1 (1842).

account. Moreover, Story declared that the federal courts knew by themselves what the right rule of the common law was.

Certainly, Story's effort to apply a uniform federal rule to interstate disputes was tantamount to a quest for uniformity of commercial law in the United States. Yet, in spite of the 1842 Supreme Court ruling, within the confines of the same federal state, the same legal problem could still be handled under different rules, depending on whether the case would come up in a state or federal court. In practice, the federal version of the common law did not find general acceptance with the state courts. Little wonder, then, that federal courts could only fail miserably in creating a body of uniform commercial law, finding its ultimate expression in decisions of the U.S. Supreme Court (Pound 1938: 154). While federal case law was unable to provide legal certainty sufficiently, conflict of laws regimes were established to remedy the problem of divergent state laws. To quote Morton J. Horwitz: 'The field of conflicts of laws, then, arose to express the novel view that incompatible legal rules could be traced to differing social policies and that the problem of resolving legal conflicts could not be solved by assuming the existence of only one correct rule from which all deviation represented simple error (1977: 246).' Meanwhile, Restatements of the Law and legal textbooks were to preserve unity in state laws. Restatements of the Law released by the State of New York were highly authoritative (see *e.g.* Cook 1981: 167). Nevertheless, as American interstate economic activity assumed ever-larger proportions in the course of the nineteenth century, Restatements of the Law and legal textbooks could hardly prevent state laws from charting different courses. Therefore, throughout the nineteenth century, codification remained a serious option in achieving unity in the American Common Law.

VI. Codification of Parts of the American Common Law

It was not until the very close of the nineteenth century that attempts to reduce parts of the common law to writing finally bore fruit in the United States. The American Bar

Association, which was organized in 1878, in 1889, installed a Committee on Uniform State Laws. Under the leadership of this committee and of the State of New York, the National Conference of Commissioners on Uniform State Laws (NCCUSL) was organized with the specific purpose of promoting uniformity in state laws. NCCUSL sponsored seven uniform laws providing default rules for commercial transactions and particularly negotiable instruments and sales law.[3] Interestingly enough, in the United States, after several failed initiatives, a successful initiative to unify bankruptcy law on a federal level was launched in the same period as well.

With regard to the question of why parts of the American Common Law were only codified successfully in the late nineteenth century, the following claim of Roscoe Pound deserves mention: 'What Story the judge could not do, Story the text writer largely accomplished. More than anything else the books of our great nineteenth century text writers defeated the urge for a code which we were in no condition to frame in our formative era. In Louisiana you had the French Civil Code for a solid foundation. But in jurisdictions which had inherited English law there was no such foundation. There was nothing ripe to be codified. Codification could only come effectively after an era of legal maturity which was still well into the future (1938: 154).' This claim contains more than a grain of truth, but should, nevertheless, not mask the fact that the rapid extension of interstate economic activity in the United States in the course of the nineteenth century seems to have demanded assimilation of (branches of) the American Common Law. It should be mentioned aside that the passage of federal bankruptcy legislation in 1898 can also be seen against the backdrop of ever-increasing interstate economic activity (Hansen 1998). The inevitable consequence of the increase in interstate economic activity in the United States was an increase in the number of bankruptcies in which creditors and assets were located in more than one federal state.

[3]Namely, the Uniform Negotiable Instruments Law (1896), Uniform Warehouse Receipts Act (1906), Uniform Sales Act (1906), Uniform Bills of Lading Act (1909), Uniform Stock Transfer Act (1909), Uniform Conditional Sales Act (1918) and Uniform Trust Receipts Act (1933).

British Statutes received considerable attention from the drafters of the Uniform Negotiable Instruments Law (1896) and the Uniform Sales Law (1906), for example. As matters turned out, until well into the twentieth century, the United States as well as other English-speaking countries were governed by statutes similar to the (British) Bills of Exchange Act (1882) and Sale of Goods Act (1893).[4] Of course, it is difficult to see how, in enacting uniform commercial laws that bore resemblance to British counterparts, the American states could have turned their legal orders in a shambles. Indeed, by 1924, the Uniform Negotiable Instruments Law (1896) had been enacted by all fifty-two States, including Louisiana, albeit with numerous changes (Hudson and Feller 1931: 337). And the Uniform Sales Law (1906) was eventually enacted by thirty-seven States, but, for example, Louisiana was not among them (see on this issue Section VIII). Moreover, at the dawn of the twentieth century, Britain was the single largest foreign investor in and single largest trading partner of the United States (see *e.g.* Lipsey 2000: 698, 712). Actually, Britain was the world's leading net creditor before the First World War and the United States was the world's largest net debtor. And, until the First World War, Britain remained the world's leading trading partner, with Germany occupying a solid second place. Yet, on the outbreak of the First World War, the United States had already surpassed France as the third greatest trading partner of the world. This is to indicate that, around 1900, remodeling American commercial law along British lines would still have been to strike two birds with one blow for the American states. Unity in the commercial law across the United States would be restored. And, simultaneously, unity in the commercial law of the United States and its most important economic partner, that is, Britain, would be restored. On the other hand, in 1958, the (American) Uniform Commercial Code Article 2 on Sales and Article 3 on Commercial Papers did break away from the British models followed in the original Uniform Laws, for example. As will be seen in the next section, the reason for the clear break with British commercial law seems

[4]See on the production of the (British) Bills of Exchange Act (1882) and Sale of Goods Act (1893): Chalmers, McKenzie D. 1886. An Experiment in Codification. *Law Quarterly Review* 2: 125-134 and Chalmers, McKenzie D. 1903. Codification of Mercantile Law. *Law Quarterly Review* 19: 10-18.

to some extent embedded in changed economic relations between Britain and the United States after the Second World War.

VII. Uniform Commercial Code (1958) Departs From British Examples

In 1940, NCCUSL adopted a proposal to prepare a (new) Uniform Commercial Code (UCC). On January 1st 1945, in cooperation with the American Law Institute,[5] work on the project was begun. After a substantial number of drafts and re-drafts the Official Text of the Uniform Commercial Code was finalized in 1958.[6] The UCC was divided into nine Articles.[7] The substance of the UCC seems to bear relationship to America's world leadership after the Second World War. The first half of the twentieth century brought considerable changes in the economic relations between Britain and the United States. Where Britain's share in world trade declined in the first half of the twentieth century, America's share grew significantly. Since the Second World War the United States had replaced Britain as the world's largest trading partner. Likewise, since the Second World War Britain had not only lost its position as the single largest foreign investor in the

[5]The American Law Institute, a private law organization, was created in 1923 for the purpose of producing Restatements of the Law in order to provide more legal certainty to American Law.

[6]On the origins of the UCC see, for example, *Uniform Commercial Code for Use in 2004: Official Text and Comments*, The American Law Institute and National Conference of Commissioners on Uniform State Laws, 2004 Edition, St. Paul, MN: West Publishing Co..

[7]Division into nine articles and principal drafters were as follows: Article 1. General Provisions (Karl N. Llewellyn), Article 2. Sales (Karl N. Llewellyn), Article 3. Commercial Papers (William L. Prosser), Article 4. Bank Deposits and Collections (Fairfax Leary, Jr.), Article 5. Letters of Credit (Fredrich Kessler), Article 6. Bulk Transfers (Charles Bunn), Article 7. Warehouse Receipts, Bills of Lading and Other Documents of Title (Louis B. Schwartz), Article 8. Investment Securities (Soia Mentschikoff), Article 9. Secured Transactions; Sales of Accounts and Chattel Paper (Allison Dunham and Grant Gilmore).

United States, Britain itself had become a net debtor to the United States (see *e.g.* Eichengreen 2000: 488). This structural change in the economic relations between the United States and Britain constituted an event of significance to developments regarding the American commercial law. The legal rules provided for in UCC Article 2 on Sales and Article 3 on Commercial Papers moved away from British counterparts, for example. That is, the preceding Uniform Laws, the Uniform Negotiable Instruments Law (1896) and the Uniform Sales Law (1906), bore a closer resemblance to British models (see *e.g.* Beutel 1951: 557; Williston 1950: 564). As UCC Articles 2 and 3 opened a rift between American and British commercial law, they disturbed or perhaps even destroyed the existing uniformity of commercial law between the Anglo-American systems of law. This is to reaffirm that the ever-evolving economic interdependence between Britain and the United States provides something of a window on developments pertaining to the American commercial law.

VIII. 'Home-Grown' Legal Rules Included in the Uniform Commercial Code

America's economic clout on the world stage after the Second World War seems to have allowed drafters of the UCC to pay less heed to developments regarding the commercial law outside the United States. UCC Article 3 on Commercial Papers could have adopted, but, in effect, did not adopt the substance of the Uniform Law on Bills of Exchange and Promissory Notes (Geneva, 1930) and the Uniform Law Concerning Cheques (Geneva, 1931). Though the United States has never adopted the said Uniform Laws, they are still operative in civil-law countries across the globe. Similarly, UCC Article 2 on Sales could have adopted, but, in effect, did not adopt the legal rules embodied in one of the numerous preliminary drafts of the Uniform Law on the International Sale of Goods (The Hague, 1964) and the Uniform Law on the Formation of Contracts for the International Sale of Goods (The Hague, 1964). Much to the chagrin of Western Europe, given their limited compatibility with 'home-grown' American sales law, the United States declined

to enact the said Uniform Laws. At least partly due to American disinterest in the whole venture, the Uniform Law on the International Sale of Goods (The Hague, 1964) and the Uniform Law on the Formation of Contracts for the International Sale of Goods (The Hague, 1964) failed to garner widespread approval.

Of all American states, New York exerted influence upon the drafting process of the UCC the strongest. Especially the State of New York held the opinion that the UCC, as it had been published in 1952, needed substantial revision. Hence, no State but Pennsylvania enacted the UCC before 1957 and the Law Revision Commission of New York made a substantial number of revisions on the UCC, which were ultimately included in the 1958 Official Text (see *e.g.* MacDonald 1963: 437). In September 1957, the State of Massachusetts first enacted this revised draft of the UCC, effective as of October 1st 1958. Before the UCC became effective in the State of New York, as of September 27th 1964, the Code had already become effective in seventeen States.[8] But the prospect of enactment was only much increased after New York State came round to adoption and, indeed, over the years, all sister states sought to follow suit. As pointed out in Section VI, Louisiana State had approved the Uniform Negotiable Instruments Law (1896). The State also adopted UCC Article 3 on Commercial Papers. By contrast, the State of Louisiana had never enacted the Uniform Sales Law (1906) and was not to endorse UCC Article 2 on Sales either. Implementing UCC Article 2 would have meant doing away with the Louisiana Civil Code provisions governing Conventional Obligations, of which the law of sales is part. Yet, Louisiana Civil Code Book III, Title VII-Sale is not at all incompatible with the provisions provided for in UCC Article 2 on Sales.

[8]Apart from Massachusetts, these States were Pennsylvania, Kentucky, New Hampshire, Connecticut, Rhode Island, Arkansas, Wyoming, New Mexico, Ohio, Illinois, Oklahoma, Alaska, New Jersey, Georgia, Oregon, and Michigan.

IX. Concluding Observations

The federal states of the United States behaved in a fashion suggesting that economic interdependencies mattered to some extent for decisions about codification of the common law. Efforts aimed at reducing to writing parts of the American Common Law emerged in the context of ever-increasing economic interdependencies between the federal states. The earliest plans to codify the Common Laws of the various American states were centered upon commercial transactions and particularly negotiable instruments and sales. That is, the American states looked increasingly likely to invigorate drives for a codification of the common law when disparities in a particular area of the common law undermined economic growth by slowing down interstate economic activity. This is a tentative conclusion because, given the available data, there is no way to tell with any degree of certainty when exactly codification of the common law became essential to facilitating the emerging economic interdependence between the federal states. In effect, it was not until the late nineteenth century that the federal states successfully unified and codified parts of the American Common Law by enacting the Uniform Negotiable Instruments Law (1896) and the Uniform Sales Law (1906), for example. Both Uniform Laws largely resembled the (British) Bills of Exchange Act (1882) and Sale of Goods Act (1893) respectively.

On the other hand, the State of New York applied great leverage over the drafting process of the Uniform Commercial Code (1958). In consequence, the legal rules laid down in Uniform Commercial Code (1958) Article 2 on Sales and Article 3 on Commercial Papers, that were submitted to replace the Uniform Negotiable Instruments Law (1896) and the Uniform Sales Law (1906), bore less resemblance to British commercial law. This, in turn, is to suggest that, as the United States had decisively dethroned Britain as the world's economic leader after the Second World War, the American states could better afford to mold their commercial law in more uniform ways grounded in their own legal practice rather than British legal practice. That is, after the Second World War, in enacting a uniform commercial law composed along British lines, the American states could not have propelled their own economic growth by advancing

economic activity with Britain so much as before the First World War. Again, this is a tentative conclusion because, given the available data, a change in economic activity of the American states with Britain upon enactment of a uniform commercial law composed along British lines is not susceptible to measurement. Then, the suggestion with which the paper ends is that, although the Uniform Negotiable Instruments Law (1896) and the Uniform Sales Law (1906) copied British examples, this is not automatically to imply that the American states, at the time, preferred British commercial law to any other commercial law. Rather, Britain's economic leverage with the United States, which was to last until the First World War, must to some extent have influenced the drafters of the said Uniform Laws.

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